

Section I. Background Information

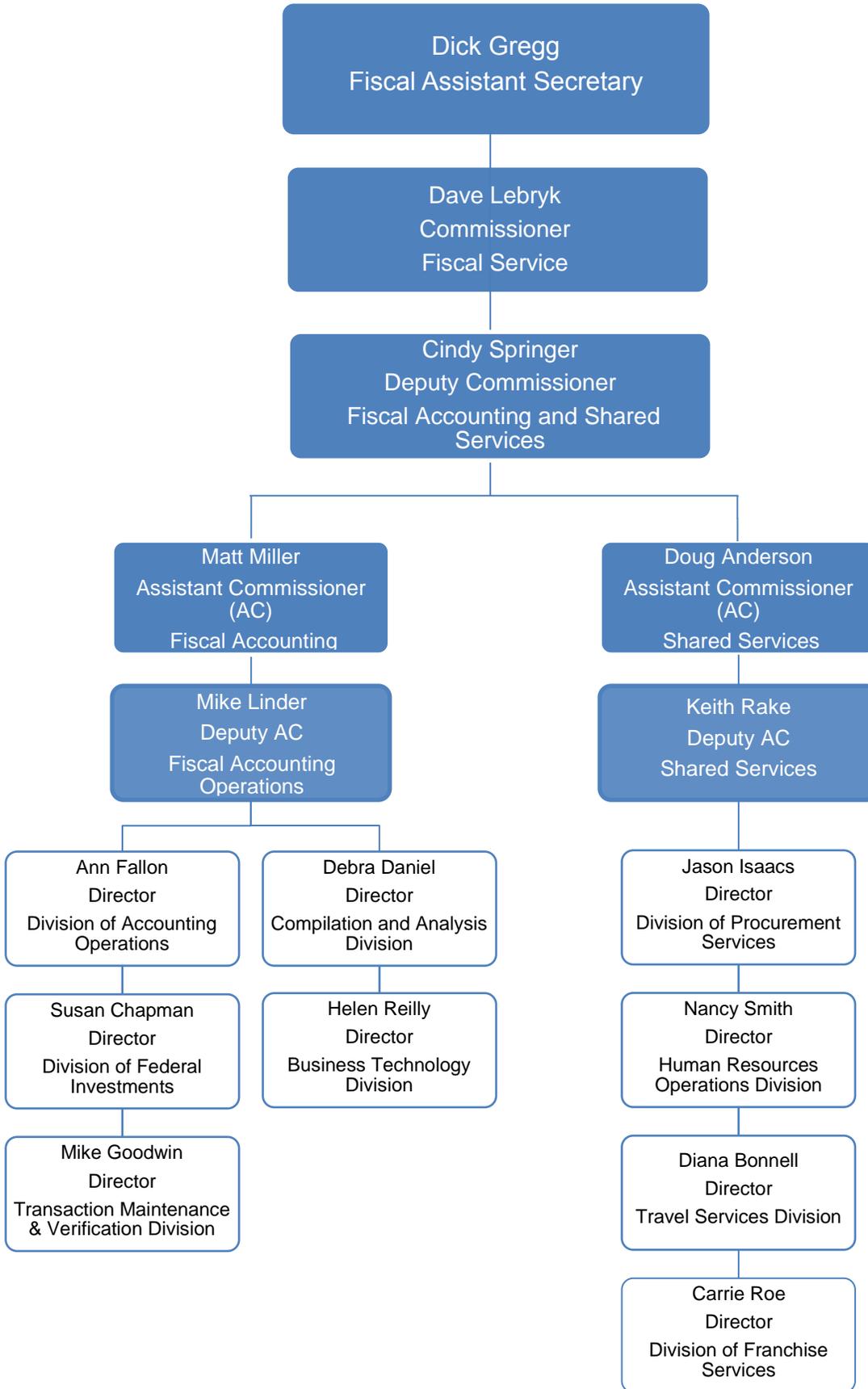
1. Name of Applicant's Executive Department and Federal Agency

Administrative Resource Center, Bureau of the Fiscal Service, Department of the Treasury

Section I

2. The Applicant's organizational chart

**Department of Treasury
Fiscal Accounting and Shared Services, Bureau of Fiscal Accounting**



3. Supplemental Forms A-E.

Supplemental Form A: Transaction Volume

	Number of Transactions (in thousands)	
	FY13	Units
Accounts Payable		
<i>Accounts Payable</i>	24	# of obligations
<i>Accounts Payable</i>	68	# of invoice payments (at the invoice level)
Accounts Receivables	38	# of receivables
Intra-Governmental		
<i>Intra-Governmental</i>	11	# of billings
<i>Intra-Governmental</i>	58	# of collections *
Travel Accounting	52	# of travel reimbursements
Charge Card Accounting	73	# of credit card charges

COMMENTS:

* # of collections includes both Intra-Governmental and With the Public.

Supplemental Form B: FTE Employment

	FY13	
	Government FTEs	No. of Contractors
Financial Management Services	332	10
Technology Hosting and Administration	*	*
Application Management Services	60	5
Systems Implementation Services	10	5
Management & Administrative (overhead)	10	5
TOTAL	412	25

COMMENTS:

* ARC has contracted out the Hosting of both the Financial Management and Procurement systems and does not have access to the FTEs the contractor is using.

Supplemental Form C: Current Customers

Agency	What calendar year did this organization become a customer?	What services from are you currently delivering to this customer? If you are providing all of the services in a grouping just list the grouping here.
Access Board (ABA)	1996	FM, PR, TR, HR
African Development Foundation (ADF)	2011	FM, PR, TR
Armed Forces Retirement Home (AFRH)	2003	FM, PR, TR, HR
Consumer Financial Protection Bureau (CFPB)	2010	FM, PR, TR, HR, IT
Court of Appeals for Veterans Claims (CAVC)	2001	FM, PR, TR
Chemical Safety & Hazard Investigation Board (CSHIB)	1999	FM, PR, TR
Denali Commission	2005	FM, PR, TR, HR
Department of Urban Development (HUD)	2003 = Investment acct 2013 = HR	FM, HR, PR, TR
	2014 = Implementation for remaining services	
Department of Homeland Security - OIG (DHS-OIG)	2000	FM, TR
US Election Assistance Commission (EAC)	2012	FM, PR, TR

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Executive Office of the President (EOP)	2005	FM ,PR, TR
Farm Credit Administration (FCA)	2006	FM,PR, TR
Farm Credit System Insurance Corporation (FCSIC)	2004	FM,PR, TR
Federal Housing Finance Agency (FHFA)	2009	FM, PR, TR
Federal Housing Finance agency Office of Inspector General (FHFA-OIG)	2010	FM, PR, TR, HR
Federal Maritime Commission (FMC)	2002	FM, PR, TR
Federal Mine Safety & Health Review Commission (FMSHRC)	1998	FM, PR, TR, HR
Federal Labor & Relations Authority (FLRA)	2014	FM, TR, PR
Gulf Coast Ecosystem Restoration Council (GCC)	2014	FM, PR, TR
Inter- American Foundation (IAF)	2000	FM, PR, TR, IT Security
Merit Systems Protection Board (MSPB)	2001	FM, PR, TR
National Archives & Records Administration (NARA)	2004	FM, PR, TR
National Mediation Board (NMB)	2005	FM, PR, TR
Office of Government Ethics (OGE)	2002	FM,PR,TR, HR
Occupational Safety & Health Review Commission (OSHRC)	2001	FM,PR, TR

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Treasury Agencies		
Bureau of Public Debt (BPD)	1998	FM, PR, TR, HR, IT and IT Security
Community Development Financial Institutions (CDFI)	1997	FM, PR, TR, HR
Departmental Offices (DO)	2000	FM,PR, TR,HR, IT and IT Security
DC Pensions	1998	FM,PR, TR, HR, IT and IT Security
Financial Crimes Enforcement Network (FINCEN)	2000	FM, PR, TR, HR, IT and IT Security
Financial Management Services (FMS)	1998	FM, PR, TR, HR, IT and IT Security
FMS - FASD	2011	FM
Financial Stability Oversight Council (FSOC)	2011	FM, PR, TR, HR
Office of Financial Research (OFR)	2011	FM, PR, TR, HR
Office of Financial Stability (OFS)	2009	FM, PR,TR, HR
Special Inspector General - Troubled Assets Relief Program (SIG-TARP)	2009	FM, PR, TR, HR
Treasury Inspector General for Tax Administration (TIGTA)	2002	FM, PR, TR, HR
Treasury - OIG (TOIG)	2003	FM ,PR, TR, HR
Alcohol and Tobacco Tax and Trade Bureau (TTB)	2004	FM, PR, TR, HR
U.S. Mint (USM)	2005	FM, PR, TR, HR

NOTE:

- **Implementation in progress for FY2014 in RED (HUD/FLRA)**
- **Date agency became a customer doesn't necessarily mean it is for the current services seen on this spreadsheet.**

Supplemental Form D: Cost Summary

	Summary of Financial Management Services Costs (in millions)		
	FY11	FY12	FY13
Planning costs:	\$0.00	\$0.00	\$0.00
DME Costs:	\$2.09	\$9.45	\$3.91
O&M Costs:	\$18.84	\$17.83	\$27.21
Operational Costs:	\$21.66	\$24.25	\$29.15
Total Costs:	\$42.59	\$51.53	\$60.27

Planning refers to preparing, developing, or acquiring the information used to design the asset; assess the benefits, risks, and risk-adjusted costs of alternative solutions; and establish realistic cost, schedule, and performance goals for the selected alternative, before either proceeding to full acquisition of the capital project or useful component or terminating the project. Planning must progress to the point where the agency is ready to commit to achieving specific goals for the completion of the acquisition before proceeding to the acquisition phase. Information gathering activities to support planning may include market research of available solutions, architectural drawings, geological studies, engineering and design studies, and prototypes. Planning may be general to the overall investment or may be specific to a useful component.

DME refers to costs for projects and activities leading to new IT assets/systems and projects and activities that change or modify existing IT assets to: substantively improve capability or performance, implement legislative or regulatory requirements, or meet an agency leadership request. As part of DME, capital costs can include hardware, software development and acquisition costs, commercial off-the-shelf acquisition costs, government labor costs, and contracted labor costs for planning, development, acquisition, system integration, and direct project management and overhead support.

Operations and Maintenance (O&M) refers to the phase of the life cycle in which the financial management systems are in operations and produces the same product or provides a repetitive service. Also commonly referred to as steady state.

Operational Costs refers to the cost of performing the mandatory service offerings listed in *Appendix B: Financial Management Products & Services Catalog*.

Supplemental Form E: Financial Management Systems

Please see *Attachment_1_3_Form_E_ARC Financial Management Systems.xlsx*

Section I

4. **As applicable, a summary of the Applicant’s Exhibit 300 submissions related to upcoming Development, Modernization and Enhancement (DME)¹ expenditures to its financial management system(s), including its financial system.**

The following is a summary of the ARC Exhibit 300 Submission.

DME Expenditures

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Planned	7,775,000	4,770,000	6,880,000	6,970,000
Actual	9,447,000	3,910,000		
 Accomplish- ments	 *Upgraded Shared Instance of the Oracle core financial management system to version R12	 *Began upgrade of the Manufacturing Instance of the Oracle core financial management system to version R12	 *Complete upgrade of the Manufacturing Instance of the Oracle core financial management system to version R12	 *Enhance Business Intelligence & Analysis features
 Notes:	 <i>Schedule for upgrade was compressed resulting in actuals exceeding plan.</i>			

Summary: Completing the upgrade to Oracle version R12 represents the last major component to position our infrastructure for growth, as we will have a recent version of the application implemented at a commercial hosting provider with demonstrated capability to scale.

To see the complete Exhibit 300 submission, please see *Attachment_1_4_E300_FFAS*.

¹ Defined in OMB’s “Guidance on Exhibit 53 and 300”.

Section I

5. **In accordance with FIPS 199, state what security categorization is applied to the Applicant's financial management system?**

The Administrative Resource Center's Financial Management System has a FIPS 199 security categorization of **MODERATE**.

Section I

- 6. A list of findings, equivalent to a material weakness, significant deficiency or reportable condition, within the past year resulting from financial statement audits, SSAE 16 Type II audits, other audits, or internal control reviews related to the financial operations and systems under the applicant's control and responsibility?**

ARC has no findings, material weaknesses, deficiencies or similar to report for the last year associated with any audit or review.

Section I

7. A list of quality assurance processes, standards or certifications that the Applicant has received.

The Administrative Resource Center provides a range of Administrative, IT, and Investment services to customers. These services require employee skillsets and certifications that are focused on the various activities of those service lines.

- Certified Public Accountant (CPA)
- Certified Government Financial Manager (CGFM)
- Project Management Institute (PMI) certifications
- Project Management Professional (PMP) certifications
- Certified Federal Contract Managers (CFCM), given by the National Contract Management Association (NCMA).
- HDI Help Desk Professional
- Certified Government Travel Professional (CGTP)
- HDI Customer Service Representatives
- HDI Support Center Analysts
- HDI Support Center Team Lead
- HDI Support Center Manager
- Information Technology Infrastructure Library (ITIL) training and certification
- FAC-PM (Federal Acquisition Certification-Program Management), Defense Acquisition
- University (DAU) Program Management
- Lean six-sigma

Section I

8. A description of the Applicant’s current ability to track a common Award ID among the grant, procurement, loan and financial management systems (as applicable).

ARC has been able to successfully track a common Award ID through the procurement and financial management systems in our platform, and as a result, ARC has been reconciling USASpending.gov data to the core financial management system data for its financial management customers since October 2013.

Most of the procurement activity is performed in the PRISM application. Document numbers for procurement requests and contracting office actions (purchase order, contract, blanket purchase agreements, and other procurement types) are assigned by the system to the procurement transaction based upon pre-defined document schemes, which align to the document numbering required by the Federal Procurement Data System (FPDSNG). This document number is used to report procurement transactions to FPDSNG in the format required by FPDSNG, commonly known as the PIID (procurement instrument identification number).

The document number assigned by PRISM is used to identify transactions transferred automatically and real-time to the Oracle Federal Financials (ORACLE) system via our ORACLE to PRISM Interface (OCI), where a closely aligned document number is established in ORACLE. This same document number is used for reporting to FPDSNG, which is the source of data for USASpending.gov.

As you can see by the following chart, while not identical in format, the document number used to trace a transaction through the procurement to payment spending chain is a common award number.

Document Number Comparison

	USASpending.gov	USASpending.gov	ORACLE	PRISM
Type of Order	IDVProcurement Instrument ID	Procurement Instrument ID	Obligation Number	Obligation Number
BPA		TPDABABPA120002	NA	TPDABABPA120002
BPA	GS07F0191N	TPDABABPA070009	NA	TPDABABPA070009
BPA Call	GS10F0143U	TPDADF12K00005	TPD-ADF-12-K-00005	TPD-ADF-12-K-00005
BPA Call	TPDTTBBPA080003	1	TPDTTBBPA080003/0001	TPDTTBBPA080003/0001
Definitive Contract		TPDTTB08C0004	TPD-TTB-08-C-0004	TPD-TTB-08-C-0004
Delivery Order	GS10F0143U	TPDADF12K00001	TPD-ADF-12-K-00001	TPD-ADF-12-K-00001
Delivery Order	TPDTTB08C0006	100001	TPD-TTB-08-C-0006	TPD-TTB-08-C-0006
IDC		TPDARC07C0003	TPD-ARC-07-C-0003	TPD-ARC-07-C-0003
Purchase Order		TPDADF1200001	TPD-ADF-12-00001	TPD-ADF-12-00001

Customer agencies using our financial management system for transactions originating in various grant or loan systems (automated and manual) use the document numbering scheme to record the grant or loan obligation in Oracle Federal Financials. This does contain a common award identification

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number that ties the transaction to the source system. The document number is entered into ORACLE either manually or via interface.

Examples are provided:

Customers	Document Number Grant System	Document Number Oracle	Document Number USASpending.gov
Customer A	131TA011578	CDF131578G	131TA011578
Customer B	1221	DNC10PO1221	1221

Section II. Evaluation

1. Describe the Applicant's model for offering services to customers (e.g., bundling transaction processing with system support, requiring that particular mixed systems be adopted in addition to the financial system).

ARC provides a full range of financial management accounting services including a comprehensive, integrated financial management system platform, system administration/ support, user training/support, and business process operational support for a variety of functions.

Customer agencies share in the use of a single instance of the core financial management system. This includes ARC provided feeder systems and interfaces.

The core financial management system platform, along with available interfaces and feeder systems, supports the basic financial management functions required of most Federal agencies and includes:

- Accounts receivable
- Accounts payable
- Budget
- Cash
- Cost accounting
- Financial statements
- General ledger
- Grants
- Intragovernmental
- Investments
- Managerial/budget reporting
- Property
- Payroll accounting
- Procurement
- Time and attendance
- Travel

In addition to the basic financial management system, platform customers have other options from which to choose:

ARC's **Full Service** is a bundle of related services designed to meet the needs of most small to medium size agencies. The Full Service bundle consists of accounting operations for basic financial management functions including accounts payable, accounts receivable, audit support, budget execution, cash, financial reporting, general ledger, grants, intragovernmental, and purchase and fleet cards. Audit support, financial reporting, and general ledger are operational accounting services available only to Full Service customers. In addition to the bundled services, customer agencies can elect various optional services.

ARC's **Platform Service** is the basic financial management platform and related system services. Customer agencies may choose to perform transaction processing activities directly in the core financial system modules and real-time integrated procurement system, or optionally elect to have ARC support

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one or more business functions. Under the platform service model, customers are responsible for audit support, budget analysis, cash reporting, general ledger, and financial reporting. In addition, where specialized or unique interfaces are required, customers can design those using any of the Oracle-supported transaction interfaces as the basis.

Below is a matrix of ARC's offerings in Financial Management Services, including the available options to tailor services to meet an agency's needs. Services are designated accordingly:

- Included = Part of ARC's bundled Full Service
- Included if needed = A service that is included in ARC's bundled Full Service, if applicable to the customer
- Available = Optional add-on services, not required
- Recommended = Services we recommend to accompany the FM Full Service due to their integrated nature; these services are not required
- Customer = Services that are not currently offered by ARC and therefore are performed by the Customer

ARC FM Services	Full	Platform
Basic Financial Management:		
Accounts Payable with IPP	Included	Available
Other Accounts Payable	Included if needed	Available
Purchase and Fleet Card Payables	Included	Available
Accounts Receivable	Included	Available
Grants	Included if needed	Available
Intragovernmental	Included	Available
Investment Accounting	Included if needed	Available
Oracle Fixed Assets	Available	Available
Payroll Entries and Database	Included	Available
Time and Attendance	Available	Available
Advanced Financial Management:		
Cash Reporting	Included	Customer
General Ledger	Included	Customer
Financial Reporting	Included	Customer
Audit Support	Included if needed	Customer
Budget and Performance:		
Budget Formulation	Available	Available
Budget Execution	Included	Available
Budget Analysis	Available	Customer
OMB MAX Reporting	Available	Available

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Payroll Projections	Available	Available
Performance Management	Available	Available
Travel:		
Temporary Duty Travel	Recommended	Available
Relocation Travel	Recommended	Available
Procurement:		
Full Procurement Services	Recommended	Available
Contracts	Recommended	Available
Small Purchase Orders	Recommended	Available
Purchase Card Support	Recommended	Available

Service Descriptions

ARC details its service offering in a Standard Service Description that includes a description of the service, roles and responsibilities, and related performance metrics and cost drivers. An abbreviated definition of the services follows:

Accounts Payable with Invoice Payment Platform – Operational support of IPP, including processing of IPP to/from Oracle interfaces, user help desk and training, self-service invoice processing, and system maintenance and support, for end-to-end electronic processing of commercial vendor invoices.

Other Accounts Payable – Operational support of accounts payable transactions, including the examination and processing of manual invoices and other miscellaneous payment requests directly into the core financial management system.

Purchase and Fleet Card Payables – System maintenance, user support and training of the CitiDirect purchase card application and ARC's interface to Oracle.

Accounts Receivable – Operational support of accounts receivable transactions, including billing, debt collection using Centralized Receivable Service, policy setting, and the related accounting and reporting of transactions.

Grants – Operational support of HHS Grants system interface, and/or manual document processing of grant transactions directly into the core financial management system.

Intragovernmental – Operational support of intragovernmental interagency transactions.

Investment Accounting – Daily cash balance analysis and investing based upon your agency's investment policy.

Oracle Fixed Assets – Use and support of the Oracle Fixed Asset module for supporting capital and/or accountable property with integration to the core financial system.

Payroll General Ledger Entries with Supporting Payroll Detail Database – ARC can receive and process files containing employee and BOC level detail from all of the 4 e-payroll providers using a custom interface. This allows both recording of a summary general ledger entry as well as supporting detail available in the reporting tool.

Time and Attendance – Use and support of ARC's WebTA application for time and attendance processing aligned with ARC's core financial system accounting capabilities.

Cash - Operational support of cash deposits and SPS and ITS disbursements.

General Ledger – Operational support of the general ledger, inclusive of all activity by experienced accountants.

Financial Reporting – Operational support of the preparation of financial statements by experienced accountants.

Audit Support – Operational support of the annual financial statement audit.

Budget Formulation – Use and support of ARC’s BFEM application, for supporting the federal budget formulation process.

Budget Execution - Operational support of budget transactions, including funds control settings and continuing resolution calculations.

Budget Analysis – Quarterly reviews of agency budgets and other special budget analysis.

OMB MAX Reporting - Budget reports prepared by experienced budget analysts.

Payroll Projections - Use and support of ARC’s ARCPredict application, for supporting payroll projections.

Performance Management – Use and support of the Performance Measurement Manager, for supporting the performance reporting function.

Travel – Operational support of temporary duty travel activities; including, policy, travel card administration and Concur travel system administration and interface processing.

Relocation Travel – Operational support of employee relocations; including; processing of relocation travel authorizations and vouchers.

Procurement – Operational support of purchasing activities; including, purchase cards, small purchase orders, and contracts.

Section II

2. Describe the Applicant's current financial system environment.

Architecture and Interfaces

Current Architecture see attachments:

Infrastructure:

Attachment_2_2_OOD_FEDZONE.pdf

Attachment_2_2_OOD_ARC_INSTANCES.pdf

Interfaces:

Attachment_2_2_Integrated Oracle Federal Financials Platform.gif

ARC contracts with Oracle on Demand (OOD and recently renamed Oracle Federal Managed Cloud Services) to provide hosting services for the Oracle E Business Suite platform. This arrangement allows ARC to utilize a stable, flexible, and cost effective environment. The OOD infrastructure is based on the standardized and repeatable best practices of the Information Technology Infrastructure Library (ITIL) as well as Oracle's direct knowledge of ARC's environment from past experience. Services are backed by a comprehensive Service Level Agreement and performance standards and targets are included in OOD's governance framework to ensure that ARC's modernization and improvement efforts for IT and shared services operations are met. Our contract arrangements also provide the flexibility to ensure that all environment scalability, storage, capacity, and performance needs (both existing and anticipated) can be met with a rapid turnaround as these needs change. This flexibility extends to the existing production environments, as well as for future environment needs that may be identified.

Oracle provides hosting services for the Administrative Resource Center's two production instances of the Oracle e-Business Suite (OeBS) in the FedZone within Oracle's Austin Data Center (ADC). The FedZone is an area within the ADC which is separated both physically and logically from Oracle's commercial cloud service customers, as well as Oracle's internal corporate network.

The Oracle application version 12.1.3 runs on Sun servers using the Oracle Enterprise Linux Operating System. The Oracle database software is 11g. Oracle is used as the Relational Database Management Software.

File transfer between customer agencies is accomplished using a Tumbleweed File Transport Protocol (FTP) server located at Fiscal Service via File Transport Protocol/SSL (FTPS), and in some cases, Secure File Transport Protocol (SFTP).

Virtually partition its data and configuration for each customer

Logical Separation of Data

The OeBS application provides logical access to customer data in the shared environment. Customers are set up using OeBS standard Multi-Organization access (MOAC) in separate ledgers and operating units. The profile option settings allow access to specific ledgers and operating units to be set at the role

level. Custom Roles are created with access to specific operating units, and those roles are assigned on an individual basis to those users with approved access to those operating units.

Ensuring continuity of service and recovery from disasters

See *Attachment_2_2_OOD_DRMAX.pdf*

For contingency purposes, the shared customer environment utilizes OOD's hot disaster recovery site located at the Rocky Mountain Data Center (RMDC) in Colorado Springs, CO. Characteristics of the disaster recovery site include:

- Designed based on the technical architecture and best practice documented in Oracle Maximum Availability Architecture (MAA).
- Recovery Time Objective is within 4 hours after declaring a disaster.
- Recovery Point Objective is 1 hour.
- Archives shipped to standby immediately after creation at primary. It is applied in standby with 30 minutes delay.
- Disaster Recovery environment topology is equivalent to the primary environment topology.

Future Plans

As the need for application-to-application communication and interoperability grows, ARC will look for opportunities to improve its data integration capabilities. In FY15, ARC will research and evaluate solutions for leveraging technologies such as web services for more easily and flexibly moving data between its core financial management and third party systems.

Section II

3. Describe the Applicant's (prospective) process for on-boarding new customers.

Project Partnership

It's important to understand that ARC views an engagement with all of its customer agencies as a partnership and recognizes the importance of parties working closely with one another. We at ARC assume that when a given agency selects ARC's services, it is based on their own due diligence and belief that their requirements are congruent with the product and service lines offered by ARC. However, prior to any customer on-boarding, ARC normally will conduct its own due diligence to ensure there is a strategic fit between the parties and that an ongoing relationship is in the best interest of both. ARC specifically reviews a customer for any sizable gaps in the requirement expectations and verifies that sponsorship and senior management involvement are present. In most cases, this takes the form of a Discovery process.

Implementation Principles

ARC uses a standard implementation approach, applying the principles of good project management as a foundation of each implementation. The primary objectives to this approach include:

- Provide a consistent and repeatable approach to the manner in which ARC conducts its implementations and works with its customer agencies;
- Promote best practices and repeatable processes into the conversion delivery;
- Ensure close alignment to FMLoB Migration Planning Guidance and other "good Government" initiatives;
- Incorporate ARC's past years of success and lessons learned;
- Communicate to the customer the manner in which ARC does implementations and ensure that the customer understands all the various approaches;
- Utilize the information agreed to within the various approaches to efficiently and effectively build a SOW and contractual agreements to start the project; and
- Increase the effectiveness and overall value of the project by having a structured and understood framework to begin the project.

Emphasis on the ARC Standard Process

Adhering to a standard process includes critical success factors of:

- The implementation approach and tools are closely adhered to.
- Project sponsorship actively participates throughout the project as well as understands the value and overall need to formally use project management practices, tools, and methodologies.
- Coordination with the other ARC service lines is essential.
- Commit to making timely decisions.
- Implement the program in phases where possible.
- Treat the project as a collaborative partnership.
- Follow project management standards, practices, and implementation approaches and plans throughout the execution of the project.

Emphasis on the ARC Standard Solution

ARC places a strong emphasis on using its Standard Solution and promotes:

- Adherence to Federal standards and laws;
- Redesigning business processes to the software rather than redesigning the software;
- Maximizing best business practices and leverage ARC's existing system platform and personnel; and
- Developing a strong business case to justify the development of an extension or enhancement.

Discovery Phase

Depending on the scale of the implementation effort, a Discovery Phase may be recommended and commenced prior to the actual on-boarding. This not only provides a means to evaluate whether the customer is a good fit for the ARC business model but also allows us in partnership to better define the project scope and post go-live expectations. The outcome of this work is a mutual decision to proceed to the remaining portions of the project or a decision to cease.

The Gap Analysis and Requirements Review is a key component of the Discovery Phase and is the collaborative work of the customer and ARC in reviewing the requirements and analyzing potential application gaps.

Gap Analysis and Requirements

The objective of the gap analysis and requirements definition work activities is to identify, document, and approve requirements not currently addressed by the ARC standard solution.

Requirements Definition Documentation and As-Is Documentation

ARC will lead the requirements definition effort that includes conducting work sessions that will elaborate on the requirements identified during Discovery to gather detailed information to complete the functional specifications, walk through of ARC shared service business processes to ensure customer understanding and identify touch points (enable customer to reengineer their existing business processes to align with ARC shared services) and document any required non-standard business processes required to support customer in ARC shared services.

As part of the requirements phase, ARC staff will conduct work sessions in the following major business areas to identify and document ARC's standard solution configuration and identify any other gaps.

- Budget Execution;
- Procure to Pay;
- Order to Cash;
- Payroll;
- Small Purchases (Citibank);
- Travel;

- Grants and Loans Programs;
- Project Cost Accumulation;
- Account Reconciliation;
- Internal & External Reporting (includes Accounting Flex Field structure);
- New Integrations;
- WebTA implementation;

Customer specific requirements identified will be recorded in the project RTM (requirements traceability matrix) for tracking throughout the project lifecycle.

Requirements Analysis

During implementation, ARC will maintain the customer-specific RTM and analyze the detailed customer requirements, to include elaborating on the high level requirements identified during the Discovery project and adding any new requirements identified.

Development Related Cost Estimates

If gaps identified during the Discovery project require non-standard solutions, ARC will provide cost estimates related to filling those gaps including the work required to document the detailed requirements, design, develop, and test the solutions.

Gap Solution Decisions

After validating the gap solution and analysis, ARC will update the RTM and a Gap Analysis Report to include the detailed requirements for the non-standard gaps. The gap summary will validate the option(s) identified by ARC to resolve them and ARC will recommend a solution. The customer is responsible for reviewing the options and selecting the option that best meets their needs.

Other vital steps are conducted during the Discovery Phase:

- Scope Definition. Upon completion of the requirement review and gap analysis, the project scope is fully known and documented in a SOW.
- Initial/Basic Project Planning. ARC, working with the customer, creates initial project plans and schedules unique to the implementation. All project deliverables are created based on ARC's standardized approach templates and documentation methods. A key component of the planning exercise is to validate that the implementation time frames desired by the customer and offered by ARC can be met given the scope and documented risk factors.
- Standard/Core Service Pricing. This action is revisited from the Pre-Project Phase. In most cases, the price and contract agreement will utilize a firm, fixed price arrangement.
- Non-Standard/Core Service Pricing. This is a critical activity for any new scope to the project outside the standard and core service offering. In most cases, this pricing is contracted with a variable pricing agreement (e.g. time and materials). *Due to ARC's emphasis on its Standard Solution offerings, the decision to commit to any non-standard offerings is done only after all possible avenues using the Standard Solution have been exhausted; in any case, a price premium*

is usually the result of a non-standard solution, as an incentive to move to the Standard Solution in the future.

- Annual Agreement Forecasts. This action is revisited from the Pre-Project Phase and includes the customer's operational pricing forecasts (years one through three).
- "Go/No-Go" Decision Point. This step is for ARC and the customer to assess the work completed (e.g. SOW, price, contract vehicles, project plans) and decide if the project is mutually beneficial and whether to proceed with the implementation project.
- Contractual Process and Documentation. If the project is a "go", the appropriate contracts covering the agreed upon scope are finalized and approved.

Upon completion of Discovery, it may be determined that the needs of the prospective customer are more extensive than the Standard Solution offering. In some cases, a business process change may be the appropriate solution to allow the desired end product, without relying on a non-standard technical solution.

If a technical gap exists that cannot be addressed with a business process change, it may be determined that the proposed enhancement may be beneficial to other customers as well. In this case, the various governance bodies will determine if this enhancement is a worthwhile investment to pursue, for the sake of other ARC customers. In the case that the customer's enhancement is not deemed a good value to ARC's overall service offering and/or other customers, ARC may determine that the prospective customer is not a good "fit" for ARC and the project will be ceased.

Presuming Discovery results in a "go" decision, the project will proceed through the other implementation phase that follows Discovery. Our typical phases and tasks related to implementation are:

Implementation Phases and Tasks

Pre-Project

- **Customer Due Diligence**
- **Implementation and Operational Approach Understanding and Review**
- **Scope Definition**
- **Risk Management**
- **Standard/Core Service Pricing**
- **Annual Agreement Forecast**
- **Contractual Process and Documentation**

Discovery

- **Requirement Review and Gap Analysis**
- **Scope Definition**
- **Initial/Basic Project Planning**
- **Standard/Core Service Pricing**
- **Non-Standard/Core Service Pricing**
- **Annual Agreement Forecasts**
- **"Go/No-Go" Decision Point**
- **Contractual Process and Documentation**

Initiation and Planning

- **Project Management Plans**

- **Project Team and Sponsor Definition**
- **Project Kickoff**
- Configuration and Design**
 - **Requirement Analysis**
 - **Configuration Specifications**
 - **Management Reporting Definition**
 - **Data Conversion Specifications**
 - **Non-Standard/Core Work - Design**
- Development and Testing**
 - **Configuration Setup**
 - **Interface Modifications and Testing**
 - **Management Reporting Development**
 - **Data Conversion Program Development**
 - **System Integration Testing**
 - **Data Conversion Testing**
 - **User Acceptance Testing**
 - **Non-Standard/Core Work – Development & Testing**
- Deployment**
 - **Training Rollout**
 - **Implementation Execution**
- Operations**
 - **Lessons Learned**

Section II

4. Describe the existing or proposed governance practices

Existing:

ARC currently operates as a shared service provider under the financial authority of the Treasury Franchise Fund (TFF). As such, ARC's governance process is very tightly aligned with the governance process of the TFF.

The Assistant Secretary for Management and Chief Financial Officer (ASM/CFO) is responsible for the corporate management and oversight for the TFF financial authority. This includes granting authority to operate under the TFF, establishing various corporate level financial rules and guidelines to operate within the TFF, and responsibility for overall TFF financial statements and budget submissions. The Fiscal Assistant Secretary (FAS) has managerial and oversight responsibility for all ARC operations. Through the Fiscal Service, the FAS directs all ARC franchise services and service offerings.

The ASM/CFO and FAS jointly chair the Shared Services Council (SSC). The SSC serves as an advisor body for all TFF programs. The purpose of the SSC involvement with TFF is to incorporate the customer's perspective into the decision-making process and aligning and enhancing shared services across the Department of Treasury. Currently, SSC members include Deputy Commissioner level representatives from each Treasury bureau, but future plans call for the inclusion of additional external Treasury members. Specifically, the SSC advises on financial/budgetary policies, strategic decisions, and long-term shared services goals and objectives.

The Financial Management Oversight Committee (FMOC) serves as a due diligence working group to perform preliminary reviews of proposed new shared services, financial and budgetary policies and procedures, and any other matters to be brought before the SSC. The FMOC convenes at least quarterly and prior to any SSC meeting involving franchise fund activities. The ASM/CFO and Fiscal Assistant Secretary (FAS) jointly designate the members to serve on the FMOC.

Within ARC operations, there are also formalized governance processes around system change control and customer pricing. Regarding system change control, the Change Control Board (CCB), which is made up of senior management representation of all business lines, approves and prioritizes any upgrades, modifications, or significant changes to the major systems. Change requests usually begin with a customer or ARC staff on behalf of a customer submitting a developed business case with recommendations. The CCB is responsible for determining whether proposed system changes are warranted, advantageous to other customers, and resourced.

Customer pricing is an annual process that is approved by the executive pricing committee, which is a subset of the Fiscal Service Executive Board. Projected capital investments for the next five years are included in the pricing calculations and approved as a part of this process. These approved prices along with estimated work volumes are used to compute and draft firm fixed-price annual agreements that are submitted to the customers for approval prior to the start of the fiscal year.

Proposed:

ARC is currently working with OFIT and the other FSSP's to develop FSSP governance principles and a standard governance model. While no final decisions have been made, one of the basic principles

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agreed to is that there will be customer involvement and influence in both the operational change control and executive level governance bodies within the FSSP's. It is also clear that this influence will have to be structured in way to accurately represent the size of the customer as well as other characteristics such as full-service or system platform only. Additionally, the governance model for each FSSP related to overall policy will include central governing authorities such as OMB, Treasury, and the CFO Council.

Section II

5. Describe most recent financial management system offering.

ARC has a favorable history with financial management system implementations and its most recent reimplementation of the current core financial management system, Oracle 11.5.10, with Oracle E-business Suite Release 12.0.6 (R12 Upgrade) for over 40 financial management agencies on ARC's shared instance is an excellent example of that fact. This implementation did not include one customer, the United States Mint and their separate instance of the Oracle application, but that upgrade will be completed in May of 2014.

As a shared service provider, ARC's goal is to make updates and improvements to our core systems to ensure our current customers' satisfaction and to position us to meet future customer endeavors. Strategically, upgrading to Oracle R12 was both a must to ensure continued support of the Oracle platform as well as to position us for future customer growth.

The R12 Upgrade was the most complex system implementation to date and as such required a complete reimplementation rather than an upgrade. Oracle R12 provided three major improvements to the functionality of ARC's core financial management system: an accounting structure based on the Common Government-wide Accounting Code; an improved posting logic design and process; and the Projects Costing and Billing modules. Due to ARC's highly integrated system platform, over 70 interfaces were affected. Additionally, new accounting structures and related business rules were developed and cross-walked for all of customers. Data conversions/deployments were carried out in phases over an aggressive period of only 6 months. Over 170 functional subject matter and 70 technical resources were involved in the project.

The R12 Program adhered to a project methodology that followed the Project Management Body of Knowledge and was executed under a phased approach that followed a "rolling wave" schedule methodology. Rolling wave means that all the known project work packages are fully scheduled and planned for, and work packages in future phases are scheduled at a milestone level. As the subsequent phase's work packages become more defined the project team captures these deliverables in the project schedule.

The planned and actual schedule was November 2009 to January 2013 and the major milestones included:

Initiation and Planning	November 2009 - April 2010
Requirements Gathering	April 2010 – March 2011
Initial Design and Custom Development	April 2011- September 2011
Pre-SIT Testing and Custom Development	October 2011 – January 2012
System Integration Testing (SIT)	January 2012 – April 2012
Mock Data Conversion Testing	February 2012 – April 2012
User Acceptance Testing (UAT)	May 2012
Go Live	July 2012
Deployment	July 2012-December 2012
Warranty Period & Project Closeout	January 2013

Costs

Original planned cost: \$10 million.

Actual costs: \$13 million

Cost variance:

The major contributor to the variance was higher than anticipated resource costs associated with utilization of significant contracted resources and overtime to meet the aggressive deployment schedule. This deployment schedule was driven in large part by the need to minimize system downtime which would mitigate the negative impact on customers. Condensing the deployment window also minimized the duration of time that system support personnel were required to support two systems at different version levels and accelerated decommissioning of hardware no longer necessary to support the older instances of the financial management system. Thus, the acceleration in schedule, while contributing to a positive cost variance, also contributed to a more positive effect for customers and ARC alike, in ways that are more subjective in nature but no less valuable.

Additionally it's important to note that even with this cost overrun, the average cost per agency implemented was only approximately \$300,000. This is a small fraction of the cost that would have been required for each agency to perform their own system upgrade or reimplementation, and serves as a prime success story for the business case of federal financial management shared services.

Lessons Learned

- Ensure sufficient trained and knowledgeable resources are available to be dedicated to projects of this scale and complexity. We underestimated the overall level of effort and as a result were understaffed during phases of this project. In order to meet the schedule established, considerable overtime by our own personnel and additional contractor support were required.
- ARC's Discovery process is a direct result from lessons learned on past projects. Clarity in scope, capabilities, and expectations between both the customer agency and the providing FSSP are critical for a successful customer implementation project. The discovery period helps both parties dive into high level requirements and determine where problem areas and gaps exist. This information is invaluable when planning the project as it enables us to provide sufficient resources and time to those areas that will likely need it, eliminating surprises that can lead to cost overruns.
- ARC's project planning approach leverages past project artifacts and experiences to plan current projects. This provides us with a repeatable process that helps us better predict costs when planning future projects.

Section II

6. Describe the Applicant's experience and performance in migrating federal agencies, bureaus, commissions, and/or boards external to its own Executive Department to its shared offering(s)

Since 2002, ARC has offered Oracle Federal Financials to Federal agencies under shared services arrangements. From 1997 to 2002, ARC provided services to other agencies using AMS' Federal Financial System (FFS). As a result, ARC has a long history of continuous improvement and enhancement of our system platform, an increasing and loyal customer base, a track record of favorable audit results, and demonstrated project management expertise.

Customers include Department-level, bureaus and other subcomponents, independent agencies/government corporations, and inspector general offices. ARC's current financial management customers, services used, key activity counts, estimated financial management service implementation project costs are included in *Attachment 2_6_A*.

The length of the customer implementation projects generally range from 3 months (where no data conversion is required) to 15 months or longer (where system development is required), with 9 months being the length for a customer implementation project for the average customer agency. This timeline begins after completion of a discovery engagement, where high level requirements are analyzed and project scope and estimated project timeline is determined. Changes to our normal implementation timeline will be dependent upon the agency's requirements. If they require no custom development, as has been the basis for the 9 month timeframe, we could expect that timeline to persist for even CFO level agencies.

However, it is expected that CFO level agencies will have additional "non-standard" requirements and additional complexity if for no other reason than the coordination efforts necessary for such large organizations.

The 9 month timeframe is typical of an agency that can use ARC's platform with no custom development. A common example of a custom development is building a new interface to a customer specific application. The 9- month period requires the customer agency to be able to be engaged with project staff members to make the necessary decisions required during an implementation. A key point to remember with ARC's offering is that each new agency is not implementing a new system, but rather being added to our current system which is already in production. Accordingly, this business model reduces the level of effort required for implementation projects compared to agencies implementing a separate instance.

ARC has experience working with geographically dispersed customer base, with locations ranging from Washington DC to Anchorage AK. Also, ARC has experience working with agencies with both historically centralized financial management and decentralized financial management. We have experience working with Department headquarters level financial management functions, Bureau level functions, and small agency level functions, including working directly with oversight functions such as OMB, Fiscal Service (government-wide), GSA and OPM.

A key part of the customer implementation projects are the data conversion that is required to move the customer agency from the current financial management system to ARC's financial system platform.

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ARC has experience in performing data conversions from a variety of different financial management systems. ARC's extensive history of data conversions and system improvements is provided in ***Attachment 2_6_B***.

Section II

8. Describe how the Applicant's revolving fund is or will be used to support the Applicant's ongoing operations and capital investments. Include the fund's operating reserve balance for the last three fiscal years in the response.

Business sensitive portions of this response were redacted.

8.1 Legislation

The Treasury Franchise Fund's (TFF) legislation, *31 U.S.C. 322, note*, provides specific authority to fund the ongoing operations and capital investment requirements. Relevant sections highlighted below:

Franchise fund for expenses and equipment necessary for maintenance and operation of financial and administrative support services as central services. Act Sept. 30, 1996, P.L. 104-208, Div A, Title I, § 101(f) [Title I], 110 Stat. 3009-316; Dec. 21, 2000, P.L. 106-554, § 1(a)(3), 114 Stat. 2763 (enacting into law § 120 of Title I of H.R. 5658 (114 Stat. 2763A-135), as introduced on Dec. 14, 2000); Feb. 20, 2003, P.L. 108-7, Div J, Title I, § 123, 117 Stat. 439; Dec. 8, 2004, P.L. 108-447, Div H, Title II, § 219, 118 Stat. 3242, provides:

"Hereafter there is established in the Treasury a franchise fund to be available without fiscal year limitation for expenses and equipment necessary for the maintenance and operation of such financial and administrative support services as the Secretary determines may be performed more advantageously as central services: Provided, That any inventories, equipment, and other assets pertaining to the services to be provided by such fund, either on hand or on order, less the related liabilities or unpaid obligations, and any appropriations made for the purpose of providing capital, shall be used to capitalize such fund: Provided further, That such fund shall be reimbursed or credited with the payments, including advanced payments, from applicable appropriations and funds available to the Department and other Federal agencies for which such administrative and financial services are performed, at rates which will recover all expenses of operation, including accrued leave, depreciation of fund plant and equipment, amortization of Automatic Data Processing (ADP) software and systems, and an amount necessary to maintain a reasonable operating reserve, as determined by the Secretary: Provided further, That such fund shall provide services on a competitive basis: Provided further, That an amount not to exceed 4 percent of the total annual income to such fund may be retained in the fund for fiscal year 1997 and each fiscal year thereafter, to remain available until expended, to be used for the acquisition of capital equipment and for the improvement and implementation of Treasury financial management, ADP, and other support systems: Provided further, That no later than 30 days after the end of each fiscal year, amounts in excess of this reserve limitation shall be deposited as miscellaneous receipts in the Treasury.

8.2 Policy

TFF's policy is to recover full operating costs and maintain a reasonable operating reserve to fund necessary capital expenditures and short-term cash flow requirements as well as mitigate business risks.

8.3 Pricing Process

Step 1 – Establish Spending Plans for upcoming year

Annually, TFF conducts budget formulation activities to set planned Operations and Maintenance (O&M) spending for the upcoming year and Capital Expenditures for the next five years. Planned Capital Expenditures represent

Step 2 – Allocate planned O&M spending

Initially, the O&M budget is allocated to each of the offered services. Next, each service O&M budget is then allocated to customers based on their respective historical consumption of that service.

Step 3 – Prepare Operating Reserve Justification

All operating reserves are used to support TFF operations.

$$\text{Operating Reserve} = \text{Fund Balance with Treasury} + \text{Current Assets} - \text{Current Liabilities}$$

Operating reserve justification (ORJ) is the calculation of the reserve requirements performed annually during the costing and pricing exercise. The ORJ components are:

Component	Description	Calculation
Cash Flow	Cash flow is necessary to conduct business on a daily basis. There are occasions when payments to vendors are made before receiving collections from customers, which creates a need for reservation of equity. For the purposes of this justification, it will be assumed that from the date a vendor invoice is received, payments are made within 30 days and collections are received within 60 days, resulting in 30 days of lag time. This reservation provides the ability to fund expenditures during the 30 days of lag time.	Estimated Annual Expenditures / 12
Business Risk	Reasonable reserves are needed to cover various business risks (unexpected lost revenue or increased expenditures) in the event these situations materialize. One example would be if the Fund incurred a loss of business. Sufficient resources would need to be available to fund the costs that will continue to be incurred subsequent to the loss of revenue but prior to management taking actions to reduce expenses to match revised revenue projections. A second example would be a situation where business requirements (e.g. compliance mandates) require unplanned expenditures to meet such requirements.	Estimated Annual Expenditures X 10%
Insurance	Reasonable amounts may be retained to cover lost, stolen, or damaged assets. The calculation below provides the items and related replacement cost for significant physical assets that would need to be replaced.	# of Employee Workstations X Unit Cost
Investments *	Investments include any major equipment/system purchases or improvements. Equipment includes office equipment, machinery, furniture, fixtures, and production equipment. Systems include commercial-off-the-shelf (COTS) and internally developed systems such as accounting, decision support, document management, email, human capital, procurement, and training systems. Examples of improvement would include extending the useful life, expanding functions, and upgrades. Additionally, investments for projected customer growth and support of government-wide initiatives are captured in the category, as applicable. These major investments are budgeted five years out.	Sum of: Year 1 Budget X 100% Year 2 Budget X 80% Year 3 Budget X 60% Year 4 Budget X 40% Year 5 Budget X 20%

* The approach to building capital expenditure reserves has been designed to fund these major purchases over time and in advance of the cash need. This has the benefits of smoothing customer price variability and ensuring TFF receives full funding prior to the capital expenditure.

The projected operating reserve balance is then compared to the requirements per the ORJ. O&M allocated costs (per Step 2) are adjusted to reduce projected reserve surplus/deficit.

Step 3 – Publish Prices

Upon executive management approval price schedules are provided to customers as part of the Inter-agency Agreement (IAA). Virtually all TFF services are provided on a fixed price basis and thus are not adjusted intra-year for changes in actual spending patterns. Each price schedule provides quantity (units), rate (unit price) and total (extended price) for each service. In addition to the price schedule, the IAA contains a service description that for each service provides an overview, a list of TFF and customer roles and responsibilities, the pricing driver definition, and related performance metrics.